

# Investment drivers of shareholder value creation in large publicly traded Russian companies

Ankudinov A., Lebedev O.

*Kazan Federal University, 420008, Kremlevskaya 18, Kazan, Russia*

---

## Abstract

Modern financial theory maintains that it is the investment decisions that act as the major source of shareholder value creation. The article presents results of empirical study of the impact the investments in different kinds of assets have on shareholder value creation. The study is based on panel data; the sample is formed by data covering the 2004-2012 period for the largest public companies representing nonfinancial sector of Russian economy. The results obtained show that investments in new equipment are associated with higher comparative market value of a company but not with higher total shareholder return. At the same time, companies most actively increasing investment in working capital are traded with certain discount. Active investment in intangible assets makes it possible to obtain higher shareholder returns. Long-term financial assets are negatively related to both comparative market value of the company and the level of shareholder return, while no statistically significant influence of investment in short-term financial assets over company value is discovered. It is also shown that individual characteristics of companies are essential in their comparative valuation by the market and are of much less importance in explanation of shareholder returns. The applied relevance of analysis performed lies in its role in making possible for managers to single out value drivers for companies in an incomplete financial market. © Andrei Ankudinov, Oleg Lebedev, 2014.

---

## Keywords

Company value, Investment drivers, Investment expenditures, Shareholder return, Value drivers